

**CHAPTER 17****ACCOUNTS RECEIVABLE AND DEBT MANAGEMENT****1701 PURPOSE**

To provide guidance on management and collection of debts owed the U.S. Government (appropriated fund receivables) and provide detailed information on managing accounts receivable. See the Department of Defense Financial Management Regulation (DoDFMR), Volume 4, Chapter 3, Volume 5, Chapters 28-32, Volume 6, Chapter 5, and Volume 10, Chapter 18 for additional information.

**1702 RECEIVABLES**

170201. Accounts receivable include all amounts due the U.S. Government.

170202. Debt management for individual out-of-service delinquent accounts receivable from appropriated fund activities has been consolidated at the Defense Finance and Accounting Service - Denver Center (DFAS-DE). DFAS-DE transfers collections to the DFAS Center supporting each military component.

**1703 ACCOUNTING FOR ACCOUNTS RECEIVABLE**

170301. Record accounts receivable when events occur (such as passage of the due date for collection of taxes, delivery of goods and services, or cash advances) that entitle a collection of funds. Reduce receivables upon collection or other settlements. Use estimates when actual amounts are not known. Record accounts receivable promptly upon completion of acts which entitle the Army to collect amounts due even if the amount is subject to change through litigation.

170302. Record accounts receivable in the proper fund, appropriation, or receipt account. Refer to DoDFMR, Volume 11B, Chapter 54 and DFAS-IN Manual 37-100-FY.

170303. Reduce receivables by an allowance for estimates of amounts that are not collectible. Base estimates on past experience, present market conditions, and an analysis of the outstanding balances. The establishment of an allowance for uncollectible receivables does not eliminate the requirement to comply with procedures for the disposition of receivables.

170304. Account for loans and notes receivable only after the funds have been disbursed.

170305. When the interest rate for receivables from loans or contracts with non-Federal parties or receivables otherwise acquired is not stated or the stated interest rate is significantly less than the Treasury interest rate, recognize the additional cost to the U.S.

Government of providing the money for the loan in the accounts in the year in which the loan is made. Using the average interest rate for marketable interest-bearing debt from the Secretary of the Treasury, determine the additional cost to the U.S. Government based on the difference between the stated rate of the loan and Treasury's average interest rate for marketable interest-bearing debt. This requirement does not apply to short-term trade and other receivables with an original term of less than one year.

170306. Retain all outstanding accounts, refunds, claims, and loan receivables as uncollected revenue in the residual records when an account cancels. This does not relieve the Operating Location (OPLOC) or Finance and Accounting Office (FAO) of the responsibility to pursue collections or recovery. Delinquent receivables determined to be uncollectible at the local level or not cost effective to pursue will be referred to the appropriate office for higher collection action or written off in accordance with guidance in this chapter.

#### 1704 CATEGORIES OF DEBTORS

170401. Category A Debtors. Individuals subject to salary or administrative offset. This category includes:

- A. Active duty, retired, or separating service members.
- B. Members of Army National Guard, Army Reserve units or Reserve Officers Training Corps (ROTC).
- C. Civilian employees (U.S. and foreign) of the Federal Government and former civilian employees receiving retirement payments.

170402. Category B Debtors. Federal Government contractors.

170403. Category C Debtors. Other Army activities, Federal departments (or agencies), to include the Foreign Military Sales (FMS) Trust Fund.

170404. Category D Debtors. All individuals not subject to salary or administrative offset.

170405. Category E Debtors. All other public debtors including:

- A. Nonappropriated Fund Instrumentalities (NAFIs) (includes the Army and Air Force Exchange Service (AAFES)).
- B. Private organizations.
- C. State, local and foreign governments (excluding FMS).
- D. International organizations.

- E. Firms or corporations not known to be U.S. Government contractors.

**1705 MEDICAL ACCOUNTS RECEIVABLE**

170501. Medical accounts receivable are not a separate category of debt, but collection procedures are sufficiently different from other types of debt to justify special mention. Medical accounts may fall into Category A or D, and are subject to late interest charges, penalties, and administrative fees.

170502. The Medical Services Accountable Officer (MSAO) at the Medical Treatment Facility (MTF) is responsible for computing proper charges, submitting bills, processing collections, and performing all required follow-up actions on unpaid bills per AR 40-330 (Rates, Codes, Expense and Performance Reporting Systems, Centralized Billing, and Medical Services Accounts).

170503. The MSAO makes an initial demand (this is the first debt notice) for payment on the date of discharge from the MTF. This is accomplished either by presenting the patient with a bill in person, for which a receipt is obtained, or by mailing the patient a bill for an after hours discharge in the next day's mail. The initial demand will include a complete explanation of the debtor's rights, responsibilities and additional charges which may be levied.

170504. The MSAO will make all reasonable collection actions for 60 to 120 days. Collection actions include telephone calls, regular mail and certified letters notifying the individual of the medical charges due. If initial contact indicates that further local collection actions will be futile, the MSAO will immediately forward the account receivable to DFAS-San Antonio (DFAS-SA) or other servicing accounting activity. If the account receivable is due from a retiree, the debt package will be sent to DFAS-DE/FY. Refer to paragraph 170505 below for documentation to be included as part of the account receivable (or debt) package. Do not send a certified letter to a known bad address or when collection is unlikely.

170505. When all actions have been exhausted (up to two letters by regular mail and one certified letter), a complete debt package consisting of all supporting documentation, Composite Health Care System (CHCS) transmittal, daily transfer summary (DA 1854-R) will be forwarded DFAS-SA or other servicing accounting activity. Accounts receivable due from retirees will be sent directly to DFAS-DE/FY. Clearly annotate on your transfer summary the applicable reimbursable source code (RSC). The following RSCs apply:

- A. RSC 930 for collections from individuals.
- B. RSC 93A is for uncompensated balances for Medical Aid (Medicaid) or similar state level program.
- C. RSC 93B is for uncompensated balances from state Workman's Compensation or similar program.

- D. RSC 93C for Victims of Crime and similar state level programs.

170506. See DFAS-IN Manual 37-100-FY for complete definition of each RSC. Unmarked or incomplete account receivable packages will be returned by DFAS-SA.

170507. The DA Form 1854-R will be prepared as follows:

A. List the delinquent and uncollectible account in the “Orders Received” section.

B. Enter the patient’s name in the “Customer” column and post the amount due in the “Amount” column.

C. Enter the accounting classification that would have been used for collection if the account had been collected by the MSAO into the “Appropriation to be Reimbursed” column.

170508. DFAS-SA or other OPLOC/FAO will:

A. Return incomplete package and coordinate with MTF to resolve discrepancies.

B. Process SF 1081 for individual debt (RSC 930) not subject to salary offset, and uncompensated balances (RSC 93A, 93B, or 93C). The transaction will fund the reimbursable debt incurred at MTF (collection) by a corresponding charge (disbursement) to the designated Medical Command (MEDCOM) direct allotment.

C. Provide MEDCOM with a copy of SF 1081 and supporting documentation. MEDCOM’s mailing address is: U.S. Army Medical Command, ATTN: MCRM-F, 2050 Worth Road, Suite 9, Fort Sam Houston, TX 78234-6009. FAX number is 210-221-7880.

D. For individual debt (RSC 930) not subject to salary offset and over 100 dollars, forward a complete debt package, DA 1854-R with source documents, to DFAS-DE, ATTN: DFAS-DE-FYDE, 6760 East Irvington Place, Denver, CO 80279-7000. Incomplete packages will be returned.

E. Numbered control transmittal is to be included in each package of debts sent to DFAS-DE/FY. The transmittal must list each debt, by debtor name, social security number, and dollar amount for that package. Include a point of contact and telephone number.

170509. MEDCOM will provide DFAS-SA or other OPLOC/FAO with the direct fund citation for processing SF 1081 vouchers, and coordinate with DFAS-SA on processing appropriation refunds received from DFAS-DE. Maintain a copy of the supporting

documentation for each account receivable, so any future collections received at the high appropriation level can be easily applied to the correct account. If the budget officer is unable to identify collection to a specific account, use financial judgment and expertise to distribute collections received through DFAS-SA.

170510. DFAS-DE will reject all debts lacking complete documentation and information back to the office from which the debts were mailed. DFAS-DE/FY will return a copy of the annotated transmittal back to the same office for all accepted debts. DFAS-DE/FY will send all collections to DFAS-IN, to be deposited in accordance with instructions from the Office of Secretary of Defense, Health Affairs.

1706 OTHER RESPONSIBILITIES OF MSAO

170601. The MSAO will process accounts for patients enrolled in health insurance programs as follows:

A. The patient or sponsor determines whether the insurance carrier will reimburse the MTF directly. The MSAO will encourage direct payment by insurance carriers.

B. The MSAO will ensure that insurance carriers, Medicare and Medicaid are billed correctly and not assessed additional charges. Medicare and Medicaid will reimburse based on established Diagnostic Related Group (DRG) rates. Billing in excess of DRG must be justified to Medicare and Medicaid in order to receive maximum reimbursement. The difference between the bill and the amount reimbursed by Medicare or Medicaid can be billed to the patient or the patient's insurance. If this is not feasible, the balance will be written off as it is not a valid receivable.

C. The MSAO will establish procedures to ensure that insurance claim forms are promptly and accurately processed, and forwarded to the insurance carrier claims offices. No separate charge will be made for this service.

D. Accounts are not considered delinquent if claims have been submitted to insurance carriers, in accordance with AR 40-330. Defer these accounts for 6 months or until payment is received, whichever occurs first. The MSAO will establish local procedures to follow-up on all insurance claims processed.

170602. The MSAO will immediately bill the patient or sponsor for any unpaid balance:

A. When payment is received from the insurance carrier.

B. When notified by the insurance carrier that a direct payment was made to the patient or to the sponsor.

C. At the expiration of the deferred period of six months.

D. When accounts remain unpaid 30 days after the invoice date and no interim payment or payment arrangement has been received, these accounts will be considered delinquent.

170603. The MSAO will process accounts for authorized beneficiaries with health care insurance or authorized beneficiaries treated as the result of an injury or condition caused or aggravated by a third party (as defined in Titles 10 and 42 of the Code of Federal Regulations (CFR)) subject to collection by litigation of a tort or collectible from automobile or other insurance as follows:

A. For an authorized beneficiary with health care insurance, the MSAO will process the claim using the same procedure as for non-beneficiaries with the exception that the authorized beneficiary cannot be held liable for non-payment.

B. Record the earning and collection against the fiscal year current when the collection is made. For those cases that may require litigation, refer to guidance for third party collection.

170604. The annual reimbursement program and orders received may be recorded on an estimated basis. Earnings will be recorded when the collections are processed. Orders and program must be adjusted to equal collections on a monthly basis.

170605. The MSAO cashier will:

A. Accept payments for hospital charges transferred to the servicing OPLOC/FAO and prepare a DD Form 1131 (Cash Collection Voucher) to document all collections. The payment accepted may include any administrative fees and interest on the delinquent amount due. The cashier will provide two copies of the DD Form 1131 to the payee with instructions to place one copy in the locked box outside the cashier's cage. (This locked box will be opened daily by someone other than the cashier and the contents forwarded to the servicing OPLOC/FAO).

B. Cross reference the DD Form 1131 to the transmittal used to refer the accounts receivable to DFAS-DE or DFAS-SA, as appropriate.

170606. Upon receipt of delinquent debts transferred from the MTF, the OPLOC/FAO will:

A. Establish the account as a delinquent accounts receivable.

B. Process DD Form 139 (Pay Adjustment Authorization) to collect the account or immediately forward the account to DFAS-DE.

170607. Occasionally, the MTF will transfer to the OPLOC/FAO uncollectible debts creditable only to an open allotment. Upon receipt of these cases, the OPLOC/FAO will forward (mail) individual out-of-service delinquent debts on a sequentially numbered transmittal memorandum (DA Form 200) with DA Form 1857 (Statement of Account), collection letters, and billings to the address listed in paragraph 170508.D. DFAS-DE will notify the OPLOC/FAO of when debts can be removed from the memo file by return of accepted transmittal and date that action can be taken.

1707 COLLECTION ACTION BY CATEGORY OF DEBTOR

170701. Failure of activities to comply with any of these provisions is not considered a defense for a debtor.

170702. Salary or administrative offset of amounts payable to debtors must be made before initiation of, or at any time during, due process procedures if:

- A. Failure to take the offset would reduce the Army's ability to collect the debt.
- B. The due date for payment does not reasonably permit completion of the procedures.
- C. Such prior offset is promptly followed by completion of due process procedures.

170703. For debts owed to the Department of Defense (DoD) by Category A debtors (individuals subject to salary or administrative offset), the OPLOC/FAO will:

- A. Refer to the DoDFMR, Volume 5, Chapters 29-32 for additional guidance.
- B. All activities will cooperate with other DoD components and Federal agencies in collecting debts from their employees. Coordinate salary and administrative offset requests from non-DoD Federal agencies with the Defense Manpower Data Center (DMDC), 550 Camino El Estero, Suite 200, Monterey, Ca 93940-3231; commercial (408) 646-2951 or DSN 655-0400, unless the requests relate to a judgment against the debtor issued by a Federal Court in favor of the United States. These debts go directly to the paying agencies and are not processed by DMDC.
- C. Require activities that submit indebtedness related documents to the OPLOC/FAO to obtain and furnish the following:
  - 1. All documents supporting the debts.
  - 2. Name and social security number (SSN) of the debtor.
  - 3. Name and SSN of the sponsor, if the debtor is a dependent.

4. Status of the debtor (e.g., Air Force retiree).
5. Home or unit address.
6. Documentation proving pre-consent for salary or administrative offset, as applicable.

D. When requested by debtors, activities may hold personal interviews with debtors. The debtor will pay for all expenses to attend interviews. Document all matters discussed that could affect the ability to collect debt in individual debtor files.

E. Process documents for which pre-consent for salary offset was obtained and initiate collection.

F. Take the following actions if payment or an adequate response is not received by the stipulated payment due date:

1. For civilian retirees, military personnel of the other services, and civilian employees of other Federal agencies, identify the individual's payroll office and submit the request for salary offset. See paragraph 170701.H. below for information on locator assistance.

2. For military personnel, when the payroll office or the Army Reserve component unit is unknown, prepare a request for locator service. See paragraph 170701.H below for information on locator assistance. If information is received that the debtor is involved in bankruptcy or insolvency proceedings, cease all collection actions and contact the local Office of the General Counsel (OGC) for guidance and assistance. The OGC can introduce government debt for consideration by the bankruptcy court.

3. For employees paid from an open FMS case and line number, collect to the open case and line number. For employees from closed FMS case and line numbers, collect from the case and line number prescribed by Security Assistance Accounting Center (SAC) in Denver, CO.

G. Refer accounts receivable for military retirees receiving retirement pay to DFAS-DE. For these retirees only, after local collection actions have been completed, assemble all supporting accounts receivable documents and mail, using a transmittal memorandum, the accounts receivable (or debt) package to the address provided in paragraph 170508.D.

H. Provide the installation commander a monthly report listing the individuals for whom involuntary salary offset was necessary. This listing will include the amount and nature of the indebtedness for each individual.



I. Send follow-up letters to the payroll office 60 days after sending the request for offset or a DD Form 139 if a transaction by others (TBO), On-Line Payment and Collection (OPAC) transaction, or check was not received.

J. A service member's debts cannot be suspended, because conflicts arise or war has been declared by the U.S. Congress. All debts owed by service members, regardless of an armed conflict or a declared war, will be pursued according to this chapter. Only on a case by case basis will requests for suspension of debt submitted by service members be considered. Temporary suspensions can only be granted for:

1. Inability to locate debtor.
2. Financial condition of debtor.
3. A request for waiver has been submitted and the likelihood of favorable consideration is high.

K. Request information in writing or by telephone from the appropriate locator information service on active and retired military personnel as follows:

1. Army.

a. For active Army personnel, submit requests to:

Commander, Enlisted Record and Evaluation Center  
ATTN: PCRE-RF  
8899 E. 56th Street  
Indianapolis, IN 46249-5301

b. For discharged Army personnel, submit requests to:

National Personnel Records Center (Military Records)  
9700 Page Boulevard  
St. Louis, MO 63132-5200

Telephone numbers are DSN 693-7261 or commercial (314) 263-7561.

c. For retired Army personnel, submit requests to:

Defense Finance and Accounting Service-Cleveland Center  
ATTN: Retired Pay Operations  
2767 AJC Federal Building  
1240 East Ninth St.  
Cleveland, OH 44199-2055.

Telephone numbers are DSN 580-6500, commercial (216) 522-6500 or 1-800-321-1080 and, for the hearing impaired, TDD 1-800-215-1767.

2. Navy.

a. For active and retired/separated Navy personnel, submit requests to:

U.S. Naval Military Personnel Command  
Locator Services  
Arlington Annex, Room 1054  
Department of the Navy  
Washington, DC 20370-5036

Telephone numbers are DSN 224-3155/5011/9221 or commercial (202)694-3155/5011/9221.

b. For additional information on discharged or retired Navy personnel, submit requests to:

National Personnel Records Center (Military Records)  
9700 Page Boulevard  
St. Louis, MO 63132-5200.

The telephone number is DSN 693-4261 or commercial (314) 263-7141.

3. Air Force.

a. For active and retired/separated Air Force personnel, submit requests to:

U.S. Air Force Military Personnel Center  
ATTN: DPMD003  
Randolph Air Force Base, TX 78150-6001

Telephone numbers are DSN 487-5774/5775 or commercial (512) 652-5774/5775.

b. For additional information on discharged or retired Air Force personnel, submit requests to:

National Personnel Records Center (Military Records)  
9700 Page Boulevard  
St. Louis, MO 63132-5200

The telephone number is DSN 693-4243 or commercial (314) 263-7243.

4. Marine Corps.

a. For active and retired/separated Marine Corps personnel, submit requests to:

Commandant, U.S. Marine Corps

Code MMRB10, Bldg 2008  
Quantico, VA 22134-0001

The telephone number is DSN 278-3942 or commercial (703)640-3942.

b. For additional information on retired or discharged Marine Corps personnel, submit requests to:

National Personnel Records Center (Military Records)  
9700 Page Boulevard  
St. Louis, MO 63132-5200

The telephone number is DSN 693-4261 or commercial (314) 640-3942.

5. Coast Guard.

a. For enlisted Coast Guard personnel, submit requests to:

Commandant (G-PIM-2)  
U.S. Coast Guard  
200 2nd Street S.W.  
Washington, DC 20593-0001

The telephone number is commercial (202) 267-1340.

b. For officers, submit requests to:

Commandant (G-PO-2)  
U.S. Coast Guard  
2100 2nd Street S.W.  
Washington, DC 20593-0001

The telephone number is commercial (202) 267-0935.

170704. The OPLOC/FAO will take the following actions for debts owed Army by Category B debtors (U.S. Government contractors). Also see the DoDFMR, Volume 10, Chapter 18. These requirements also apply to offsets for debts resulting from reimbursable support provided to the contractor and determination of pecuniary liability for U.S. Government property lost or damaged (GPLD).

A. Require activities who submit documents related to the debt to the OPLOC/FAO to obtain and furnish, at a minimum, the following information:

1. Name and address of the contractor.
2. Separate billing address (if applicable).
3. Employer identification number, if a U.S. contractor, and the SSN of the contracting officer.

4. Major Army contract number, if an Army contractor. If not an Army contractor, the contract number of the major contract with another agency.

5. Contracting officer's name and organization.

B. Flag the contract payment file for contractors where the same OPLOC/FAO accounts for the debt and pays the invoices so that additional payments are not made on the contract until all debts have been liquidated.

C. Send a request through the contracting officer to the paying office to flag the contract payment file when the OPLOC/FAO maintaining the receivable is not the paying office.

D. Recoup from the next payment due the contractor amounts owed for erroneous overpayments on the same contract. Follow this procedure when payment is not received within 30 days of the date that the contractor is notified of the overpayment.

E. Follow due process guidance in the DoDFMR, Volume 10.

F. Take the following actions if the above actions do not result in collection of the debt:

1. If the principal value is \$600 or less, write off the debt.

2. If the principal value is greater than \$600, forward complete debt package (with all substantiating documentation) to DFAS-CO, ATTN: DFAS-CO-FD, P.O. Box 182317, Columbus, Ohio 43218-2317. The responsibility for collection assistance is DFAS-CO. The telephone number is 614-693-0789. Collection assistance is limited to debt collection services and does not include the authority to write off debts. The receivables will be maintained by the original office. DFAS-CO will provide applicable activities written notification of required actions resulting from their collection assistance process.

170705. Take the following actions for debts owed the Army by Category C debtors (Army activities or other U.S. Government agencies):

A. For Army and other Department of Defense (DoD) activities, use self-reimbursement (no check drawn) or OPAC procedures unless precluded by a reimbursable agreement. Army activities may not deviate from self-reimbursement procedures (except for Army Corps of Engineers administered Civil Works funds).

1. If the debt remains outstanding after 60 days, send a follow-up letter to the billed activity. Request the date the bill was certified, the voucher number assigned to it, the OPLOC/FAO that processed it, and the transaction for others (TFO) transmittal number

for the corresponding collection. Provide an information copy to both the billing and billed activities' MACOM.

2. If no response (or collection) is received within 30 days of the date of the letter, send another letter to the billed activities' MACOM. This letter is signed at a level not lower than the installation Director for Resource Management (DRM). Provide an information copy to the billing activity's MACOM.

3. If a response (or collection) is still not received, request assistance from the billing activity's MACOM. As a last resort, request assistance by referring billing problems between MACOMs to DFAS-IN, ATTN: DFAS-IN-AQA, 8899 East 56th Street, Indianapolis, IN 46249-0001. The telephone number is (317) 510-3288. Provide all substantiating documentation. Do not write off the receivable.

B. For other DoD activities, consider bills current for 90 days from the billing date if the collections are received as a TBO through cross disbursing procedures.

1. After 90 days, send a follow-up letter to the billed activity requesting the date the bill was certified, the date and voucher number assigned to it, and the disbursing office that processed it. Provide an information copy to the billing activity's MACOM and the higher echelon office of the billed activity shown on the reimbursable agreement.

2. If a response is not received within 30 days of the date of the letter, send another letter to the activity's upper echelon office. This letter will be signed at a level no lower than the installation comptroller or DRM. If warranted, the letter should include a statement that reimbursable support to that activity will discontinue if proof of payment is not received within 30 days. Provide an information copy to the billing activity's MACOM.

3. If response or collection is still not received after an additional 30 days, request help from DFAS-IN-AQA at (317) 510-3288. The receivable will remain with the appropriate installation. Discontinue any ongoing or future work for the activity.

C. For non-DoD activities, consider bills current for 60 days from the billing date since the majority of these activities are dependent upon regional disbursing offices for disbursing support.

1. After 60 days, send a follow-up letter to the billed activity requesting the date the bill was paid. Provide an information copy to the billing activity's MACOM and the higher echelon office of the billed activity shown on the reimbursable agreement.

2. If no response is received within 30 days from date of the letter, send another letter to the activity's upper echelon office. This letter is signed at a level not lower than the installation comptroller or DRM. If warranted, include a statement that reimbursable

support to that activity will discontinue if payment is not received within 30 days. Provide an information copy to the billing activity's MACOM.

3. If response or collection is still not received after an additional 30 days, request guidance from DFAS-Indianapolis Center, ATTN: DFAS-IN-AQA, 8899 East 56th Street, Indianapolis, IN 46249-0001, or call (317) 510-3288. Maintain the account receivable pending guidance from DFAS-IN. Discontinue any ongoing or future work for the activity.

170706. Take the following actions for debts owed to the Army by Category D debtors (individuals not subject to salary or administrative offset):

A. Require activities that submit indebtedness related documents to obtain and furnish the following data on the debtor:

1. Name and SSN.
2. Financial status of the debtor.
3. Home address and telephone number.

B. For debts recorded while the individual was subject to salary offset (Category A) and collection efforts were unsuccessful, do the following:

1. Write off the debt against installation or activity funds when debt principal is \$100 or less. Prepare IRS Form 1099-G in accordance with the DoDFMR, Volume 4, Chapter 3, paragraph 0306.

2. For debt principal greater than \$100, follow the procedures in paragraph 170706.C below.

C. For other debts under this category, including debts discovered after separation of former Category A debtors, send bills or debt notification letters (by certified mail, return receipt requested) to the individual(s) and request payment within 30 days. If mail is returned "address unknown," only one collection attempt is necessary. If local collection efforts are unsuccessful, refer individual out-of-service debts to DFAS-DE (see paragraph 170508.D.) The activity will maintain the accounts receivable until disposition is received from DFAS-DE. DFAS-DE will notify the activity of the date that the debt can be written off against the activity's funds by returning an annotated copy of the debt package transmittal. Upon receipt of notification from DFAS-DE that the debt can be written off, the accounting activity will process an SF 1081 to record the collection on the reimbursable side and disbursement against the direct side of the same appropriation which financed the original obligation. Coordinate with the fund holder to ensure that there is sufficient funding prior to preparing the SF 1081.

D. If neither payment nor response is received by the suspense date, do the following:

1. For debt principal of \$100 or less, write off the debt against the appropriation that should have received the collection.
2. For debt principal greater than \$100, prepare a transmittal and assemble all supporting documents to mail to DFAS-DE (address provided in paragraph 1707G.)
3. For accounts receivable written off, DFAS-DE will prepare IRS Form 1099-G in accordance with the DoDFMR, Volume 4, Chapter 3, section 0306. (NOTE: All amounts written off are reported on the monthly Report on Receivables Due from The Public that DFAS-DE/FY sends DFAS-IN.)

E. If a response is received indicating bankruptcy or insolvency, prepare debt package with notification of bankruptcy or insolvency, and mail to DFAS-DE.

F. Authorization is granted to the OPLOC/FAO to collect and pay IMET student debts owed to the U.S. Government by reducing the IMET living allowance payable to students. Debts for IMET students are sent to DFAS-DE/IF, 6760 East Irvington Place, Denver, CO 80279-2000

G. For all accounts receivable referred to DFAS-DE/FY, a copy of the transmittal will be returned, with a date written in a stamped entry. This date is the date of the accounting month in which the accounts receivable will be removed from the accounting records and reports at installation level, and added through the Defense Debt Management System (DDMS) at departmental level for reporting to DFAS-IN. The amount of debt accepted on each transmittal is the amount to be recorded as a “transfer out” on the accounts receivable reports.

H. For all accounts receivable sent to DFAS-DE/FY, collections received for a debt after it has been referred, must be sent to DFAS-DE/FY. If the payment has already been deposited, process an OPAC transaction, or a check. The following information must be sent with the collection: the debtor’s name, SSN, amount of payment, and the words: “DDMS DEBT, ATTN: DFAS-DE/FY.”

170707. Take the following actions for debts owed the Army by Category E debtors (all other organizational public debtors):

A. Require activities that provide these customers reimbursable support to obtain and furnish complete billing information to include:

1. Name.
2. Address.

3. Telephone number of the senior official to contact if bills are not paid on time.

4. For NAFIs (includes AAFES), the address should be the Nonappropriated Fund (NAF) Central Accounting Office address including the telephone number.

B. Send bills or debt notification letter, within 30 days (certified mail, return receipt requested) to these organizations.

C. If a payment or response is not received by the suspense date, send a follow-up letter requesting immediate payment or response. Tailor the tone of the letter to the customer and his or her relationship to the installation.

D. If neither payment nor adequate response is received within 15 days for on-post customers or 30 days for off-post customers, the OPLOC/FAO will use judgment to take one of the following actions:

1. Personal telephone call to the senior official of the billed activity.

2. Second follow-up letter to the billed activity and/or the designated senior official.

3. Notification to the commander of the activity that provided the support or to the commander of the activity (if a NAFI or private organization) that received the support, if not the same.

E. After an additional 15 days, report any unpaid bill for an on-post customer to the commander of the activity that provided the support. Take the same action for off-post customers after 30 days.

170708. The OPLOC/FAO will maintain these debts until collected, with assistance as needed from local and MACOM officials. As a last resort, refer collection problems to the DFAS-Indianapolis Center, ATTN: DFAS-IN-AQA, 8899 East 56th Street, Indianapolis, IN 46249-0001, or call 317-510-3288 for assistance.

170709. For Transportation Discrepancy Reports, DFAS-IN, Transportation Operations has the responsibility to adjudicate the cases. Refer these cases to DFAS-Indianapolis Center, Transportation Operations, ATTN: DFAS-IN/FT, 8899 East 56th Street, Indianapolis, IN 46249-0601. The OPLOC/FAO will record and maintain these receivables on the activity's records until disposition notification is received from DFAS-IN.

#### 1708 DEBT AGREEMENT MODIFICATION

170801. Account for modifications to debt agreements.



170802. When cash and/or assets are accepted as full redemption of a debt and the total fair market value received is less than the debt, recognize the difference as a loss in the current operating period.

170803. When the appraised (or fair market) value of the assets received (including assets acquired through foreclosure) exceeds the total of unpaid loan and interest owed by the borrower, credit the excess asset value to a Miscellaneous Receipt account.

170804. Account for changes to debt terms as they occur. Compare the total future cash receipts (both principal and interest) according to the modified agreement to the current recorded amount of the receivable. Do not adjust the recorded amount if total principal and interest payments under the agreement exceed the recorded amount. Recognize interest income to the extent that the total future cash receipts exceed the recorded amount. Under this method, apply a constant effective interest rate to the recorded receivable each accounting period between modification date and the maturity date. The new effective interest rate is the discount rate that equates the present value of the future cash receipts specified by the new terms (excluding amounts contingently receivable) with the originally recorded value of the receivable.

170805. If total future cash receipts (principal and interest) will be less than the debt receivable originally recorded, reduce the receivable amount accordingly. Recognize as a loss in the period the agreement is signed. If such a reduction is made, use all future cash receipts (principal or interest) to reduce the receivable amount. Do not report the interest income in future periods.

170806. Total estimated future cash receipts include estimated minimum future cash receipts. If changes in estimates of amounts to be received in later periods cause total probable future cash receipts to be less than the then recorded receivable amount, reduce the recorded amount accordingly and recognize the reduction as a loss.

170807. In a transaction involving the receipt of assets and modification of terms, use the fair market value of assets received to first reduce the recorded value of the debt. Compare the remaining balance of the debt to total probable future cash receipts and account for as prescribed above.

170808. Account for cash receipts in excess of the estimated amount collectible (based on total probable future cash receipts) as interest income in the period received and deposited.

170809. Account for modification of debt agreements by substitution of another party's debt or by addition of debtors per the appropriate preceding paragraphs.

170810. Record interest receivable even if interest payments are delinquent. Do not add to the principal debt amounts due unless the debt agreement is legally modified to reflect

the change in principal amounts due. If delinquent interest is added to principal amounts due in a debt modification, evaluate the resulting amounts for collectibility.

**1709 DEBT RECONSIDERATION**

170901. See the DoDFMR, Volume 5, Chapter 29.

170902. An OPLOC/FAO official will reconsider debt validity, amount, and appropriateness of offset schedules when requested by the debtor. Reconsider debts when the debtor has petitioned for a hearing under the provisions of this regulation and the DoDFMR, Volume 5. Hearings are generally “paper” hearings (review of documentation) and not face to face hearings. The request for hearing will be stamped with time and date, then forwarded to DFAS-DE (address provided in paragraph **1707G**.) Complete the reconsideration process before forwarding the hearing to DFAS-DE. Debtor rights are waived when the debtor fails to submit a petition in a timely manner.

170903. Provide debtors with copies of U.S. Government records relating to their debts, when requested.

170904. Debtors who request reconsideration of involuntary salary offset schedules must explain why the proposed offset schedules will cause extreme financial hardship. They must submit a proposed alternative offset schedule and DA Form 5814-R.

170905. Advise debtors who request reconsideration to submit documents and statements to support their positions. Requests for hearing or appeals are mailed to:

DFAS-Denver Center  
Hearings and Appeals  
ATTN: DFAS-DE/FYCC  
6760 E. Irvington Place  
Denver, CO 80279-7000

170906. DFAS-DE will provide the debtor with a written decision (e.g., the proposed schedule will be accepted, or the debt was determined to be valid and the amount that is partially or fully reaffirmed.)

**1710 REQUESTS FOR WAIVER OF INDEBTEDNESS**

171001. Requests for waiver of indebtedness and hearings are not submitted simultaneously. If applicable, requests for waivers are submitted and processed first. While waiver action is pending, debts should not be suspended until authorization is given to DFAS-DE/FYCT. Normally, suspension is not authorized unless a review of the waiver application indicates that waiver will be approved or will be approved for more than 50% of the debt amount.

171002. Mail requests for waiver to:

DFAS-DE/FYCT  
6760 E. Irvington Place  
Denver, CO 80279-7000

The telephone number for the Waiver and Remissions Branch is (303) 676-4722 or DSN 926-4722.

**1711 COLLECTION OF PECUNIARY CHARGES ON REPORTS OF SURVEY FROM  
ARMY AND AIR FORCE MEMBERS**

When making involuntary collections per 37 U.S.C. 1007(c) for pecuniary charges on reports of survey, follow the procedures in section 1716. Use the DoDFMR, Volume 7 to determine the maximum amount of offset permitted. Make involuntary collection from members of the Navy, Marine Corps, Coast Guard, and civilian employees according to 5 U.S.C. 5514, following the procedures in the DoDFMR, Volume 5, Chapter 30.

**1712 PROCESSING DEBT RESULTING FROM FRAUDULENT CLAIMS**

171201. A fraudulent debt includes any debt owed to the U.S. resulting from a payment improperly made to the debtor, based on the debtor's fraudulent activity. Fraudulent debt includes the presentation of a false claim or misrepresentation on the part of the debtor or any other person having an interest in the claim.

171202. A reasonable suspicion of fraud will support the denial of a claim or initiation of recoupment action. The question of whether fraud exists depends on the facts of each case. Fraud must be proven by evidence that overcomes the existing presumption in favor of honesty and fair dealing. Circumstantial evidence is sufficient for this purpose, if it provides a clear inference of fraud and amounts to more than a suspicion or conjecture. Draw the inference of honesty in any case where the circumstances are as consistent with honesty and fair dealing as with dishonesty. In questionable cases, request that the local staff judge advocate make a determination of whether the evidence supports fraud.

171203. Recoupment is required for an erroneous payment. When an item of pay and allowances is wrongfully obtained through fraud, misrepresentation, or otherwise, this is considered an erroneous payment.

171204. Collection procedures are as follows:

A. Civilian Employees. Forward fraudulent claims greater than \$600 to the appropriate pay office, local OGC or staff judge advocate for referral to the Department of Justice (DOJ). Take no further collection action until instructions are received from OGC or DOJ. Oral hearings may be required under 5 U.S.C. 5514. Substantiated claims will be paid directly by the employee or collected through salary offset. Disciplinary actions are at the

determination of the supervisor or commander. Use the debt collection procedures provided in this chapter to process fraudulent claims of \$600 or less.

B. Service members. Collect debts owed by service members in accordance with 37 U.S.C. 1007(c). Follow normal due process procedures. When debtors request reconsideration of fraud determinations, the creditor organization will ensure that any evidence or statements submitted by debtors are considered when these debts are reviewed. Refer questionable cases to the local staff judge advocate for a determination.

### **1713 REQUESTS FOR HEARINGS**

171301. See the DoDFMR, Volume 5, Chapter 30 for additional information.

171302. Debtors will submit requests for hearing, authorized per 5 U.S.C. 5514, by petition. DA Form 5813-R (Petition for Hearing) is used to petition for a hearing. Reproduction of this form is acceptable and should be on 8 1/2 x 11 inch paper. DA Form 5813-1-R (Information Concerning Petition for Hearing) contains information for the debtor concerning the petition. Debtors will complete and attach DA Form 5814-R (Financial Affidavit) when submitting DA Form 5813-R. Do not submit requests for waivers and hearings simultaneously. See paragraph 1713.

171303. Determine whether the debtor's petition for hearing was filed within specified time limits. If the debtor did not file a petition for hearing on time, the OPLOC/FAO will immediately process the debt for collection. Time and date stamp petitions upon receipt.

171304. The creditor agency will pay travel and per diem expenses for hearing officials to attend oral hearings.

### **1714 REQUESTING SALARY AND ADMINISTRATIVE OFFSET FROM ANOTHER DoD COMPONENT OR FEDERAL AGENCY**

171401. See the DoDFMR, Volume 5, Chapter 30 for additional information.

171402. Send requests for salary and administrative offset for an Army debtor employed by another DoD component or non-DoD Federal agency directly to the debtor's employer.

171403. For offset against retirees, send all pertinent documentation to DFAS-DE (see paragraph 170707. for address). Do NOT send the DD Form 139 to DFAS-CL as they will return it with notification that it is to be sent to DFAS-DE. DFAS-DE/FY bills the retiree, providing an opportunity for payment, and notification that unpaid debts will be referred to DFAS-CL for offset from the individual's retirement.

### **1715 COLLECTION BY OFFSET FROM CURRENT PAY BASED ON JUDGMENT AGAINST AN EMPLOYEE**

171501. P.L. 97-276 provides authority for collection of debts by offset from the current pay account of an employee when a judgment has been rendered against the employee in favor of the United States. Collection of these debts is required by law. Procedures for collection are in the DoDFMR, Volume 8, DoD Personnel Manual, and the Federal Personnel Manual.

171502. Begin offset on the next regularly scheduled pay period after receipt of the completed requisition for offset and an attested copy of the judgment.

#### **1716 INTEREST, PENALTY, AND ADMINISTRATIVE CHARGES**

171601. See the DoDFMR, Volume 5, Chapter 29 for additional information.

171602. Assess an administrative charge of \$15 on delinquent accounts to cover the cost of processing and handling. This is a one-time charge for each delinquent account and is assessed only if the debtor has been given at least 30 days advance notification.

171603. Penalty and interest charges:

A. Will continue to accrue after "date of death" when a claim is filed against an estate.

B. Will continue to accrue pending waiver of indebtedness on disputed claim settlement actions.

C. Will not be assessed until the debtor is notified that penalty and interest charges are to be assessed.

D. Will not be charged if full payment is made within 30 days after the due date from which interest begins to accrue.

171604. Record collections for interest, penalties, and administrative charges into the accounts shown in DFAS-IN Manual 37-100-FY.

#### **1717 AGING OF ACCOUNTS RECEIVABLE**

171701. See the DoDFMR, Volume 5, Chapter 28 for additional information.

171702. Age all accounts receivable for all appropriations administered by the Army for reporting purposes. Classify all receivables in the following manner:

A. Current Receivables. These are amounts that will become due during the next 12 months following the end of the reporting period.

B. Non-current Receivables. These are amounts that will not become due within 12 months following the end of the reporting period.

C. Non-delinquent Receivables. These are amounts outstanding within 30 days from the date of the initial demand letter or within the prescribed due date established in the contract agreement or billing document and up to the next 12 monthly payments to be made on rescheduled debts. Also include amounts outstanding in excess of this time frame that are not overdue according to contract or agreement terms. Consider as "non-delinquent" collections made by deduction from an individual's pay which are submitted prior to the account becoming delinquent. Do not consider receivables with the MSAO delinquent until reported to the servicing OPLOC/FAO (AR 40-330).

D. Delinquent Accounts Receivable. These are amounts remaining unpaid more than 30 days from the date of the billing unless terms of the contract or agreement provide otherwise. When the repayment agreement allows the activity to declare the full amount of the account due, and the activity has done so, then report as delinquent the entire amount of the account or loan and related interest and penalties.

E. Rescheduled Receivables. These are receivables and advances that have been subject to rescheduling, forbearance, deferment, re-amortization, or any other form of extending the future of the original payment(s) or payment due dates. Follow the procedures specified in Chapter 10 in rescheduling travel advances. Do not reschedule small dollar receivables and advances (\$100 and less) unless rescheduling is prescribed by the commander or is in the best interests of the U.S. Government.

171702. The following aging criteria apply to all receivables and advances including rescheduled receivables:

- A. Not delinquent-age code A.
- B. Delinquent 1 through 30 days after payment due date-age code B.
- C. Delinquent 31 through 60 days after payment due date-age code C.
- D. Delinquent 61 through 90 days after payment due date-age code D.
- E. Delinquent 91 through 120 days after payment due date-age code E.
- F. Delinquent 121 through 180 days after payment due date-age code F.
- G. Delinquent 181 through 360 days after payment due date-age code G.
- H. Delinquent greater than 1 year but less than or equal to 2 years-age code H.

I. Delinquent greater than 2 years but less than or equal to 3 years-age code  
J.

J. Delinquent over three years-age code K.

171703. The delinquent period begins more than 30 days from the payment due date. For example, if the payment due date is May 1, 1993, the account becomes delinquent on June 1, 1993. On June 30, 1993 the account would be 30 days delinquent.)

171704. For aging of rescheduled receivables and advances, consider the rescheduled receivable/advance to be either "current-not delinquent" (for amounts due within 1 year) or "not current" (for amounts due after 1 year). A rescheduled receivable/advance will become delinquent and aged according to paragraph 173202 when a scheduled payment is not made as prescribed in the rescheduling agreement.

1718 REPORTING DELINQUENT ACCOUNTS RECEIVABLE

171801. The OPLOC/FAO will report delinquent accounts receivable monthly through the comptroller or DRM to the commander. List the following:

- A. The debtor's name.
- B. The organization (address for non-U.S. Government employees).
- C. The SSN, if applicable.
- D. The amount.
- E. Age of debt.
- F. Type of debt.
- G. Collection action taken to date.
- H. A remarks column containing additional information concerning the status of the debt.
- I. Any recommendations, as appropriate.

171802. DFAS-DE/FY sends each major command and field office a Separation Indebtedness Report (SIR) on a monthly basis, for debts referred to Debt and Claims Management for active duty separated members from the Defense Joint Military Pay System (DJMS). This report identifies areas that may need to be addressed from a debt avoidance perspective.

171803. On a monthly basis, DFAS-DE/FY prepares a Report on Receivables Due from the Public to DFAS-IN for inclusion in total accounts receivable for Department of the Army. This report includes all individual out-of-service delinquent Army accounts receivable referred to DFAS for further collection action. The OPLOC/FAO removes the accounts receivable from the books and posts them as “transferred-out” on the Report on Receivables Due from the Public, in the accounting month annotated on the transmittal returned by DFAS-DE/FY. Therefore, only DFAS-DE/FY reports accounts receivable information on the individual out-of-service delinquent debts transferred to DFAS-DE/FY.

1719 PROCEDURES FOR CONTRACT DEBT

See the DoDFMR, Volume 10, Chapter 18.

1720 WRITE-OFF OF ARMY WORKING CAPITAL FUND (AWCF) ACCOUNTS RECEIVABLE

The OPLOC/FAO supporting AWCF activities are responsible for reviewing their outstanding accounts receivable and taking appropriate action to collect or write-off invalid or uncollectible amounts. When accounts receivable are determined to be invalid or uncollectible, process as a reduction to current period AWCF revenues and report as a reduction to orders and earnings on the RCS CSCFA-112 (Status of Reimbursements) report.



<b>FINANCIAL AFFIDAVIT</b>				
<b>PART A: INSTRUCTIONS FOR STATEMENT OF FINANCIAL STATUS SUBMITTED FOR CONSIDERATION IN CONNECTION WITH INDEBTEDNESS TO THE UNITED STATES.</b> 1. COMPLETE BLOCKS 1 THROUGH 16 TO THE BEST OF YOUR KNOWLEDGE.. 2. SIGNATURE IS REQUIRED. 3. PLEASE RETURN THIS FORM TO: Defense Finance and Accounting Service - Denver Center, 6760 East Irvington Place, Directorate of Debt and Claims Management Denver, CO 80279-7000				
1. Debtor's Address		2. Service Member's Name 3. Social Security Number		
4. Date of Birth (Month/Day/Yr)	5. Telephone No. Home: (     ) Work: (     )	6. Marital Status <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Separated <input type="checkbox"/> Widowed		
8. Occupation or Employment	9. Name and Address of Employer		10. Number of Dependents	
<b>10. MONTHLY INCOME</b>		<b>11. OTHER ASSETS</b>		
WAGES OR SALARY (Before Deductions)	\$	Approximate Value of any Real Estate Owned Other Than Home	\$	
Average of Other Income	\$	Average Balance of Your Bank Account	\$	
Average Income of Spouse	\$	Approximate Value of Stocks, Bonds, and Other Securities	\$	
<b>TOTAL</b>		<b>TOTAL</b>		
<b>12. MONTHLY EXPENSES</b>		<b>13. LIST YOUR OTHER DEBTS, GIVING NAME OF CREDITOR, BALANCE OF DEBT, AND MONTHLY PAYMENT (e.g. credit cards)</b>		
Year and Make of Car that car payments are made on		<b>CREDITOR</b>	<b>BALANCE OF DEBT</b>	<b>MONTHLY PAYMENT</b>
Automobile Payment	\$		\$	\$
Balance due on car	(\$     )			
Rent or Home Payment	\$		\$	\$
Food and Clothing	\$		\$	\$
Utilities	\$		\$	\$
Other (gasoline, medical, insurance, etc.)	\$		\$	\$
<b>TOTAL</b>		<b>TOTAL</b>		
<b>14. STATE ANY CIRCUMSTANCES WHICH YOU WANT US TO CONSIDER PRIOR TO TAKING FURTHER ACTION TO COLLECT THE DEBT (If additional space is needed, use reverse side).</b>				
<b>15. I promise to pay the sum of \$ _____ plus late payment charges at the per annum rate prescribed by the Department of Treasury, in monthly installments of \$ _____, on or before the first day of each calendar month until my obligation to the United States is paid in full. I understand that if I default in the agreed arrangement, the remaining balance of this obligation, to include accrued late payment charges, shall become immediately due and payable without further notice.</b>  <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%; text-align: center;">_____ Signature</div> <div style="width: 45%; text-align: center;">_____ Date</div> </div>				
<b>16. I declare under the penalties provided for by U.S.C., TITLE 18, SEC. 1001, that the answers and statements contained herein are to the best of knowledge and belief true, correct, and complete.</b>  <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%; text-align: center;">_____ Signature</div> <div style="width: 45%; text-align: center;">_____ Date</div> </div>				
<b>WARNING TITLE 18, SEC. 1001, U.S. CODE: "WHOEVER...KNOWINGLY AND WILLFULLY FALSIFIES, CONCEALS OR COVERS UP BY ANY TRICK, SCHEME, OR DEVICE A MATERIAL FACT, OR MAKES ANY FALSE, FICTITIOUS OR FRAUDULENT STATEMENTS OR REPRESENTATIONS,...SHALL BE FINED NOT MORE THAN \$10,000 OR IMPRISONED NOT MORE THAN FIVE YEARS OR BOTH."</b>				

<b>CURRENT CIVILIAN EMPLOYEE DEBT COLLECTION TABLE</b>		
<b>Type of Debts</b>	<b>Collection Limits</b>	<b>Interest</b>
Advance annual leave (AL or sick leave (SL)) <sup>1</sup>	N/A	X
Advance of Pay--outside CONUS <sup>2</sup>	No limit	0
Dual compensation	15% DP	X
Erroneous payment-election--four pay periods or under <sup>3</sup>	No limit	0
Erroneous payment--all other	15% DP	0
Health benefit premiums--nonpay status <sup>4</sup>	25% DP	0
Hospital charges	15% DP	X
Judgments on debts due United States <sup>5</sup>	25% DP	X
Living quarters allowance	No limit	X
Loss of debts	No limits	X
Nonappropriated funds <sup>6</sup>		
Nonsufficient funds checks <sup>7</sup>	15% DP	X
Other Federal agency	15% DP	X
PCS	15% DP	X
Report of survey/GPLD	No limit	X
Travel	15% DP	X
Voluntary allotments <sup>8</sup>	No limit	X

X = Yes; 0 = No; DP = Disposable Income; N/A = Not applicable

Table 17-1

<sup>1</sup> Advanced leave does not become a debt until employee separates. The leave need not be collected if employee dies or is disabled.

<sup>2</sup> Since the repayment period is agreed to at the time of the advance, further notification of salary offset is not required. (See DoDFMR, Volume 8) A maximum recovery period of 26 pay periods is authorized for an advance of pay.

<sup>3</sup> When an employee elects benefit coverage (e.g., health benefits, life insurance) or a change in coverage, erroneous payment related to such election when the debt was accumulated for four pay periods and under may be collected from pay without offering the employee a hearing.

<sup>4</sup> For procedures concerning payment of Federal employee health benefit premiums for periods of non-pay status or insufficient pay. Refer to DoDFMR, Volume 8.

<sup>5</sup> See DoDFMR, Volume 8. Collections are limited to 25% of disposable pay (DP), unless more is needed to satisfy debt while employed. Judgment offset deduction checks should be made payable and mailed to the agency that obtained the judgment against the debtor, as specified in the requisition for offset letter (FPM Chapter 552, Judgment Offset).

<sup>6</sup> There is no statutory authority to collect nonappropriated fund debts from civilians.

<sup>7</sup> Nonsufficient fund checks made payable to the United States may be collected, but not those payable to nonappropriated fund instrumentalities. In addition, preconsent is required to cash checks. (See DoDFMR, Volume 5)

<sup>8</sup> Voluntary allotments to pay debts are not allowed except for alimony/child support or debts due the United States. When an employee requests an allotment, there is no limit on the debt payment amount. However, debt payments may not exceed pay.